

Message Text

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ORIGIN EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 DODE-00

H-02 INT-05 L-03 NSC-05 PA-01 SS-15 ITC-01 USIA-06

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APPROVED BY EA:LEEDMOND

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P 251116Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

INFO USMISSION EC BRUSSELS PRIORITY

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E.O. 11652: N/A

TAGS: EMIN, RP, US

SUBJECT: US/PHILIPPINES TRADE NEGOTIATIONS

REF: USEC BRUSSELS 9096

1. REQUEST EMBASSY MANILA SEEK CLARIFICATION FROM VEGA

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CONCERNING PARA 1 REFTEL SUGGESTION THAT HIS THREE-WEEK

PRESENCE IN MANILA BEGINNING ABOUT SEPT 28 OFFERS "GOOD OPPORTUNITY TO HOLD NEGOTIATING SESSION ON US/PHILIPPINE TRADE AGREEMENT." UNCLEAR WHETHER VEGA ACTUALLY PROPOSING RESUMPTION OF FORMAL ECONOMIC TREATY NEGOTIATIONS SUSPENDED LAST APRIL, OR IS MERELY INTERESTED IN CONTINUED EXPLORATION AND EXCHANGE OF VIEWS ON TRADE ISSUES RAISED DURING PREVIOUS NEGOTIATIONS. IN EITHER CASE, PLEASE CONVEY TO VEGA THAT MANILA VENUE NOT RPT NOT FEASIBLE FROM OUR STANDPOINT. FORMAL NEGOTIATIONS WOULD REQUIRE PRESENCE OF U.S. TEAM CHAIRMAN, DEPUTY ASSISTANT SECRETARY EDMOND, WHOSE SCHEDULE IS ALREADY FILLED DURING THIS PERIOD. ON OTHER HAND, UNFORTUNATE CHENEY DEATH MILITATES AGAINST MANILA AS LOCUS FOR FURTHER SOUNDING ON TRADE ISSUES AT THIS TIME.

2. OTHER SERIOUS QUESTIONS ARE RAISED BY VEGA'S PARA 2 REFTTEL STATEMENT THAT "GOP CAN BE 'FLEXIBLE' TOWARD TRADE ISSUES BUT IT CANNOT CHANGE ITS POSITION TOWARD U.S. PROPOSED 'NON-DISCRIMINATORY TREATMENT' OF FOREIGN PRIVATE DIRECT INVESTMENT." REQUEST CLARIFICATION WHETHER VEGA'S INVESTMENT STANCE REPRESENTS PERSONAL VIEW OR IS NOW ESTABLISHED PHILIPPINE POSITION. IN THIS REGARD, WE WOULD APPRECIATE EMBASSY'S CURRENT ASSESSMENT OF WHERE GOP STANDS IN ITS CONSIDERATION OF INVESTMENT ISSUE, AND IF POSSIBLE, CONFIRMATION OR DENIAL THAT GOP HAS ADOPTED AN INFLEXIBLE POSITION CONTRARY TO OUR DESIDERATA.

3. IF GOP HAS DECIDED TO NEGOTIATE ONLY TRADE QUESTIONS, WE WOULD HAVE TO RETHINK USG POSITION. IN ANY EVENT, THE FOCUS OF US/PHILIPPINE TRADE TALKS WOULD BE CONSIDERABLY NARROWED. AS EXPLAINED TO PHILIPPINE DELEGATION LAST SPRING, TRADE ACT OF 1974 STIPULATES THAT PROVISION ALLOWING GSP WAIVER OF COMPETITIVE NEEDS LIMITATION FOR PHILIPPINE PRODUCTS (ON ITEM BY ITEM BASIS) IS CONTINGENT ON CONCLUSION OF US/PHILIPPINE ECONOMIC TREATY. TRADE ACT LEGISLATIVE HISTORY CLEARLY INDICATES CONGRESSIONAL INTENT THAT SUCH TREATY INCLUDE ASSURANCES REGARDING TREATMENT OF U.S. INVESTMENT.

4. ALTHOUGH EDMOND WILL BE ABSENT FROM WASHINGTON MOST LIMITED OFFICIAL USE

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OF THE MONTH, WE WOULD WELCOME VEGA STOPOVER FOR INFORMAL TALKS IN MID-OCTOBER WITH LANDE AND OTHER OFFICIALS.

5. PLEASE TELL VEGA THAT LANDE TRIED TO CALL BUT LINES WERE OCCUPIED. KISSINGER

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